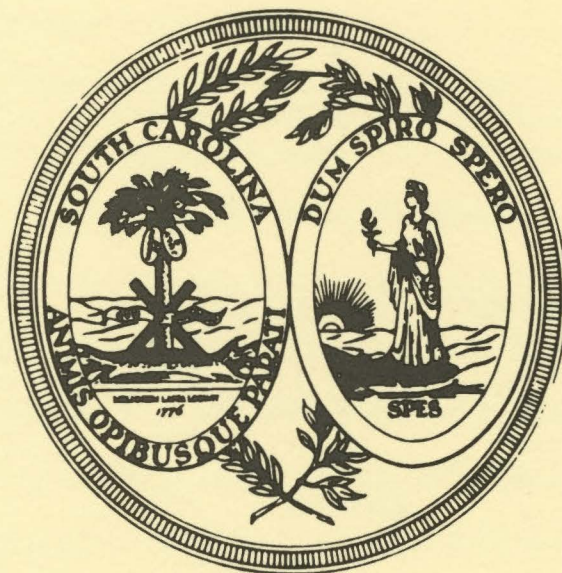


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# South Carolina General Assembly



## Legislative Audit Council

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The State of South Carolina  
General Assembly  
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Report Summary of the  
Management and Program  
Audit of the South Carolina  
Department of Highways  
and Public Transportation  
May 18, 1983

THE STATE OF SOUTH CAROLINA  
GENERAL ASSEMBLY  
LEGISLATIVE AUDIT COUNCIL  
REPORT SUMMARY  
OF THE  
MANAGEMENT AND PROGRAM AUDIT  
OF THE  
SOUTH CAROLINA  
DEPARTMENT OF HIGHWAYS AND  
PUBLIC TRANSPORTATION

## REPORT SUMMARY

### Introduction

This report is a summary of the findings and major recommendations presented in the complete audit report on the South Carolina Department of Highways and Public Transportation (SCDHPT). The full report is divided into four chapters. Chapter I is a review of the Department's road maintenance operations. SCDHPT's land management and equipment program is detailed in Chapter II and personnel management in Chapter III. Chapter IV explains the Department's budget process. SCDHPT's comments are published as Appendix A of this summary. A copy of the full report may be obtained from the Legislative Audit Council (LAC).

In September 1981, the South Carolina House of Representatives requested the Audit Council to conduct a comprehensive program audit of the Highway Department. House Resolution H. 2758 required the Council to make recommendations relative to a greater utilization of equipment, personnel and materials directed toward reducing all costs of the Department. The audit concentrated on SCDHPT's operations from FY 80-81 to FY 81-82. In April 1981, the Council issued its first report on the Highway Department which covered FY 75-76 to FY 79-80.

In April 1981, the Audit Council reported that the Highway Department was in danger of being overwhelmed by the repair needs of the State's highways. Since then, the practice of adding roads to the State system, while fewer existing highways are resurfaced, has continued. This practice has increased the pressure upon the Department's maintenance operations to stay abreast of the growing repair needs of the State's highways. In addition, the State is faced with a growing

bridge repair burden. Many bridges built on the primary and secondary system in the 1940's and 1950's are reaching the end of their structural life or have obsolete designs. These two maintenance problems are compounded by the decreasing number of personnel assigned to maintain the State's roads.

The Department has no systematic method for establishing productivity standards or setting priority repair needs statewide. SCDHPT's overall maintenance organization designates the responsibility for performing road repairs to the district and county levels. In this situation, decisions relative to the type of work needed, how much is required, how to do it, and when to perform the work are made by individual foremen without regard to district or statewide maintenance needs.

SCDHPT needs to direct more of its resources to resurfacing existing roads and developing a modern maintenance system to repair the nation's fifth largest State-maintained highway network. In 1982, using a new pavement management system, the Department estimated that 10,533 miles or 27% of the State's 39,632-mile system needs resurfacing. While more than one-quarter of the roads need major repair, 1,055 of the State's 9,120 bridges are structurally deficient or have design impairments. The following sections explain in more detail SCDHPT's resurfacing, bridge repair and maintenance personnel problems.

CHAPTER I  
SOUTH CAROLINA DEPARTMENT OF HIGHWAYS  
AND PUBLIC TRANSPORTATION  
IS UNABLE TO MAINTAIN THE STATE'S HIGHWAYS

Introduction (p. 1)

SCDHPT is facing the burden of large scale repairs on the State's roads without the benefit of a modern maintenance management system.

- (1) Resurfacing and Maintenance - Currently, the Department estimates that 10,533 miles or 27% of the State's 39,632-mile road network needs resurfacing. SCDHPT estimates this repair work will cost approximately \$193 million; however, the Department continues to add mileage to the road system while resurfacing fewer roads than it did in the 1970's.
- (2) Bridge Repairs - South Carolina has 1,055 bridges on the State's primary and secondary road system which are in need of repair. Of this total, 411 are rated structurally deficient and 644 have some type of design impairment. SCDHPT estimates that it will cost approximately \$386 million to restore these bridges.
- (3) Maintenance Personnel - SCDHPT's county maintenance crews are spending their time reacting to complaints and not performing routine, preventive maintenance on the State's roads. This work assignment method permits road failures to occur before maintenance is applied to correct the fault or repair the damage. In this way, the complaints control the maintenance operations and some road failures reflect a lack of preventive maintenance. Normal complaints

or requests should be included in SCDHPT's routine county maintenance schedule and emergencies which pose a hazard to the public should be attended to immediately.

Currently, the Department is experimenting with hiring private contractors to patch potholes, mow grass and install driveway pipe. It is also experimenting with using inmate labor in its maintenance operations of litter control and clearing right-of-ways. At the time the Council was finishing its research, the Department had experimented with inmate labor for about one month. This was too little time to properly gauge the effect of prison labor forces doing minor repair work on the state's roads.

The Council attempted to compare the average cost of private contractors patching potholes and mowing grass to SCDHPT's average for the same activities in its county maintenance operations (see p. 7). These comparisons are not conclusive because this is the first year of the experiments and more data is needed.

In its 1981 report, the Audit Council recommended that SCDHPT implement a maintenance management system to obtain better control of repair activities and to better utilize available resources. The Highway Department was found to need a systematic method of setting statewide road maintenance standards and priorities. Again, the Council has examined the Highway Department's maintenance policies and operations to determine their effectiveness. The following findings reaffirm LAC's original recommendation that a maintenance management system should be implemented.

## Variable Productivity for Similar Repair Activities (p. 7)

The Highway Department is achieving variable productivity for similar repair activities in counties in the same engineering districts. This indicates that differences in productivity can be attributed to the management of the road crews and cannot be caused solely by differences in terrain across the State.

The Department has no systematic method for establishing productivity standards or setting priority repair needs statewide. Work schedules, based on standard quantities and a uniform level of service, are not developed by the central office to control maintenance activities. Instead, decisions relative to the work to be performed are controlled by work orders received in the county offices (see p. 4). This method of operation does not consider the optimum size of a road crew, how much material is needed, how to do the job and when to perform the work.

With its present method of operation, the Department does not have adequate means to establish standards, monitor and control repair activities, and measure the performance of its field operations. Under the present system, SCDHPT's county and district maintenance engineers cannot be held accountable for the efficient use of the State's maintenance resources. Instead, maintenance assignments are usually governed by the complaints received and their completion often rests upon past practice, verbal assignments or tradition. Consequently, extreme cost fluctuations occur and variable productivity is achieved for similar work activities between counties in the same engineering districts.

#### SCDHPT Continues to Pave Private Driveways (p. 9)

Almost two years after the Council recommended the practice be stopped, the Highway Department continues to construct private driveways from the shoulder of the roads to the right-of-way lines. Between FY 80-81 and FY 81-82, the Department spent \$8.3 million on this service. This practice expends scarce State resources for the benefit of a few users and it consumes the time and efforts of the Department's maintenance forces.

#### Construction and Maintenance of State Parks' and Agencies' Roads (p. 13)

SCDHPT continues to construct and maintain roads for State parks and State agencies at no cost to the parks or agencies. From FY 80-81 to FY 81-82, the Department spent almost \$1.3 million of the State's Motor Fuel Tax on this program.

Expenditures for this program are shown only in SCDHPT's budget, thereby understating the actual costs of State parks and agencies who benefit from this program. This allows State agencies to justify their paving needs only to the Highway Department and not the General Assembly.

#### Eight-Hour Work Day Restricts Maintenance Activity (p. 15)

Currently, the eight-hour work day restricts actual maintenance activity due to time lost moving men and equipment to a work site. Alabama, North Carolina and Richland County, S.C. are using a ten-hour work day. These maintenance operations converted from the eight-hour schedule and achieved increased productivity and cost savings. As an



example, Alabama achieved a 3% labor cost savings in its first year of operation. If this saving was applied to SCDHPT's maintenance personnel costs in FY 81-82, the State could have saved \$1,020,806.

#### RECOMMENDATIONS

THE HIGHWAY DEPARTMENT SHOULD ESTABLISH A MAINTENANCE MANAGEMENT SYSTEM. THE SYSTEM SHOULD HAVE OBJECTIVE CRITERIA FOR SETTING REPAIR PRIORITIES AND MAKING DECISIONS ON MAINTENANCE ACTIVITIES FOR THE ENTIRE STATE HIGHWAY NETWORK.

SCDHPT SHOULD ADOPT ONE OF THE FOLLOWING OPTIONS IN ITS DRIVEWAY PAVING PROGRAM:

- (1) THE DEPARTMENT SHOULD DISCONTINUE ITS PROGRAM OF PAVING DRIVEWAYS TO THE RIGHT-OF-WAY LINE AND PROVIDING FREE LABOR AND PIPE FOR DRIVEWAY INSTALLATION.

DRIVEWAY INSTALLATION SHOULD BE THE RESPONSIBILITY OF THE PROPERTY OWNER AND THE DEPARTMENT SHOULD EXERCISE ONLY PLAN APPROVAL, PERMIT ISSUANCE AND INSPECTION AUTHORITY ACCORDING TO SOUTH CAROLINA CODE, SECTIONS 57-5-1080 AND 57-5-1090. THOSE DRIVEWAYS

FAILING TO MEET THE STANDARDS ESTABLISHED BY THE DEPARTMENT SHOULD BE CLOSED IN ACCORDANCE WITH SOUTH CAROLINA CODE, SECTION 57-5-1110.

ONCE THE DRIVEWAY HAS BEEN BUILT TO STANDARDS, INSPECTED AND ACCEPTED BY THE DEPARTMENT, IT SHOULD BE THE DEPARTMENT'S RESPONSIBILITY TO MAINTAIN THE DRIVEWAY TO THE RIGHT-OF-WAY LINE. THE DEPARTMENT SHOULD PAVE A "STUB OUT" FROM THE SHOULDER OF THE ROAD TO THE ENTRANCE OF THE DRIVEWAY ONLY. SHOULD CONDITIONS OF THE ROAD CHANGE SO AS TO REQUIRE THE RELOCATION OR REMOVAL OF THE DRIVEWAY, IT SHOULD BE THE DEPARTMENT'S RESPONSIBILITY TO INSTALL A NEW ACCESS FOR THE PROPERTY OWNER.

-OR-

- (2) SCDHPT SHOULD GIVE A PROPERTY OWNER AN ESTIMATED COST FOR ITS FORCES TO INSTALL A DRIVEWAY. THE DEPARTMENT SHOULD THEN ALLOW THE OWNER TO CHOOSE WHETHER TO PAY SCDHPT TO INSTALL THE DRIVEWAY OR HAVE THE WORK DONE HIMSELF.

SCDHPT SHOULD BUDGET THE COST OF  
INSTALLING DRIVEWAYS UNDER A SEPARATE  
ACCOUNT THAT DELINEATES COSTS FOR  
MATERIALS, LABOR AND EQUIPMENT.

THE GENERAL ASSEMBLY SHOULD CONSIDER  
AMENDING SOUTH CAROLINA CODE, SECTION  
57-3-660 TO DIRECT THAT SCDHPT BE REIMBURSED  
THE EXPENSE OF CONSTRUCTING AND MAINTAINING  
STATE PARKS' AND INSTITUTIONS' ROADS.

PARKS OR INSTITUTIONS SHOULD PRESENT THEIR  
REQUEST AND JUSTIFICATION FOR ROAD CON-  
STRUCTION AND MAINTENANCE AS PART OF  
THEIR ANNUAL BUDGET REQUESTS TO THE  
GENERAL ASSEMBLY.

THE DEPARTMENT SHOULD EXPERIMENT WITH A  
TEN-HOUR WORK DAY IN ONE URBAN AND ONE  
RURAL COUNTY. IF PROVEN COST BENEFICIAL  
AND EFFECTIVE, SCDHPT SHOULD CONSIDER  
CONVERTING ALL ROAD CREWS TO A TEN-HOUR  
DAY.

CHAPTER II  
LAND AND EQUIPMENT MANAGEMENT

Inadequate Management of Surplus Land (p. 19)

Introduction

In examining the South Carolina Department of Highways and Public Transportation's (SCDHPT) land management, the Audit Council found two problems. SCDHPT is making little effort to dispose of 1) surplus land resulting from abandoned projects; and, 2) unused remnants of land from completed projects.

Seven Million Dollars Spent on Abandoned Projects (p. 19)

In the past ten years, the Department spent over \$7 million on three highway projects which were abandoned after the acquisition of right-of-way. The Department's efforts at selling the land from the Assembly Street Extension in Columbia, the Citadel Parkway in Charleston, and the Downtown Loop in Greenville projects have been minimal. Only four of 200 tracts have been sold since the three projects were terminated.

By making little effort to dispose of the land from the abandoned projects, the Department is not taking advantage of a source of revenue. In addition, South Carolina taxpayers have subsidized the cost of land which remains idle, and counties are losing tax revenues because State-owned land is tax-exempt.

#### Inadequate Disposal of Remnant Land (p. 21)

SCDHPT owns at least 495 unused remnants of land from completed highway projects and has shown little effort in disposing of them. The remnant properties range in size from less than one-tenth to 65 acres. In addition, SCDHPT does not maintain an adequate inventory of its remnant property. The Department does have files by county on the remnants, but these records are incomplete and are not updated regularly.

By not selling the remnant properties, the Department is losing a source of revenue and the land remains unproductive. Only ten parcels of remnant land were advertised for sale between January and September 1982. Although some of the parcels may be too small or irregularly shaped to sell easily, the Department should try to dispose of all of its remnant property. Adjacent landowners may be interested in buying the small, irregularly shaped tracts and when State surplus land is not disposed of, local governments lose tax revenues and the benefits resulting from land that is developed to its highest and best use.

#### Equipment Management Program is Inefficient (p. 22)

##### Introduction

The Audit Council's first report showed that the South Carolina Department of Highways and Public Transportation (SCDHPT) has an inefficient equipment maintenance program and recommended that the Highway Department implement an equipment management system to correct the problem. The Council reexamined the Department's current equipment management program and noted several problems because the Department does not have a central source of accurate information on the condition of its equipment. As the following findings show, without

such a system, the Department does not properly fund, evaluate and dispose of its equipment.

Inadequate Equipment Replacement Program (p. 23)

The Highway Department continues to expend considerable resources maintaining an aging equipment fleet while inadequately funding an equipment replacement program. Funds for repairing equipment almost equaled or exceeded purchase costs of new equipment over the past five years. For FY 81-82, \$3,499,004 was spent on equipment purchases, while \$3,316,437 was spent on equipment repairs.

An inadequate equipment replacement program has adverse effects on the Department's overall maintenance operation. First, it forces county maintenance personnel to retain old, obsolete equipment to ensure availability of spare parts (see p. 26). Secondly, it causes the counties to spend an excessive amount of time and money repairing old equipment.

No Standards for Equipment Utilization (p. 25)

The Department has never developed utilization standards for its equipment fleet. Equipment utilization is not considered when equipment fund allocations are made. Instead, equipment allocations are based solely on mileage and the requests of the county maintenance engineers.

Utilization standards serve as a guide in governing the amount of equipment required in each district or county. Without these standards, accountability for the efficient and economical utilization of resources is reduced and the Department can not ensure the efficient allocation of maintenance equipment to county operations.

#### Failure to Dispose of Unused Equipment (p. 26)

SCDHPT has on inventory 451 equipment items, with an original value of \$2.5 million, which were not used in FY 80-81. The Highway Department has no effective controls over the disposal of old, surplus equipment. Without well-defined policy on equipment replacement, the Department cannot determine how much equipment is really needed and what is an economical investment.

Keeping surplus equipment contributes to several problems in terms of inventory control: (1) it causes storage and handling problems; (2) it does not give other districts or counties the opportunity to utilize surplus equipment and spare parts; and (3) it hinders accountability of equipment and parts availability.

#### Improper Assignment of Automobiles (p. 29)

The Department has failed to establish standard criteria for properly assigning automobiles to its employees. In examining the mileage information for 193 general purpose vehicles, the Audit Council found that 24% (35 out of 148) of individually assigned automobiles, and 62% (28 out of 45) of motor pool automobiles were driven less than 11,000 miles in FY 81-82.

Currently, SCDHPT is underutilizing its administrative automotive fleet with an original value of \$292,030. Without standard criteria for assigning vehicles to its employees, the Department cannot possibly obtain maximum service with a minimum number of automobiles, nor can it determine the optimal point for purchasing new vehicles. Loose controls on the use of State vehicles encourages misuse and abuse together with reduced utilization of assigned vehicles.

### SCDHPT Pays for Unnecessary Commuting (p. 31)

The South Carolina Department of Highways and Public Transportation spent \$25,090 for its employees driving to and from work in FY 81-82. The Audit Council examined mileage data for 159 individually assigned automobiles and found that 64 or 40% of these automobiles were not only used for official use but also for commuting.

Permitting employees to use SCDHPT automobiles for commuting results in expenditures of limited highway funds for purposes other than official business. Personal use of the Highway Department's vehicles only benefits the employees involved and not the State or its citizens.

### RECOMMENDATIONS

THE SOUTH CAROLINA DEPARTMENT OF HIGHWAYS  
AND PUBLIC TRANSPORTATION SHOULD CONDUCT  
A COMPLETE INVENTORY OF ALL OF ITS SURPLUS  
LAND, INCLUDING LOCATION, COST, AND ACREAGE  
INFORMATION WHICH SHOULD BE UPDATED  
REGULARLY.

THE SOUTH CAROLINA DEPARTMENT OF HIGHWAYS  
AND PUBLIC TRANSPORTATION SHOULD ATTEMPT  
TO DISPOSE OF ALL OF ITS SURPLUS LAND.

TIMELINESS AND ACCURACY NEED TO BE IMPROVED  
IN THE DEPARTMENT'S EQUIPMENT DATA COLLECTION  
METHOD. ALSO, INFORMATION COMPILED IN THE



COST OF OPERATION REPORT SHOULD BE USED  
FOR MANAGEMENT DECISION MAKING IN RELATION  
TO EQUIPMENT ALLOCATIONS.

THE DEPARTMENT SHOULD IMPLEMENT AN EQUIP-  
MENT MANAGEMENT SYSTEM WHICH ENSURES  
MAXIMUM PRODUCTIVITY FROM EQUIPMENT AND  
EQUIPMENT SUPPORTING RESOURCES. THIS  
SYSTEM WOULD ESTABLISH A SYSTEMATIC APPROACH  
FOR EQUIPMENT BUDGETING AND REPLACEMENT.

THE HIGHWAY DEPARTMENT NEEDS TO ESTABLISH  
STANDARD CRITERIA FOR DETERMINING AUTO-  
MOBILE ASSIGNMENTS. ALL EXISTING ASSIGN-  
MENTS SHOULD BE REEVALUATED AND ASSIGN-  
MENTS WHICH DO NOT MEET THE CRITERIA SHOULD  
BE DISCONTINUED. COMMUTING SHOULD ONLY  
BE ALLOWED WHEN BENEFICIAL TO THE DEPARTMENT.  
CRITERIA NEEDS TO BE ESTABLISHED TO MAKE  
THIS DETERMINATION.

### CHAPTER III

#### PERSONNEL MANAGEMENT

SCDHPT Organization is Cumbersome (p. 34)

As the operations of the South Carolina Department of Highways  
and Public Transportation have grown in size and complexity, its organi-

zational practices and patterns have become cumbersome. As a result, the organization of SCDHPT has become unwieldy and does not lend itself to the orderly development of authority and responsibility throughout the Department.

SCDHPT has a "flat" organization and there is very little pyramiding of positions to reduce the number of groups reporting to any one authority. The Audit Council found several problem areas with the Department's current structure.

- There are too many people reporting directly to the Chief Commissioner, the State Highway Engineer and the Secretary-Treasurer (p. 37).
- There are duplicate accounting departments within SCDHPT which should be combined (p. 44).
- There are 126 keypunch personnel throughout the Department which can be consolidated under a central data processing unit (p. 45).
- The Highway Safety Office within SCDHPT can be eliminated at a savings of \$152,390 in salaries (p. 46).

#### Weight Enforcement Program Continues to be Inadequate (p. 49)

As first reported by the Council in 1981, SCDHPT has not provided enough weight enforcement personnel to properly enforce truck weight and safety laws. Of the ten southeastern States, South Carolina has the lowest number of weight enforcement personnel, the highest number of miles per weight enforcement personnel and the lowest amount of fines collected.

The Public Service Commission (PSC) also performs safety inspections of trucks in South Carolina. In its Sunset review of the PSC issued in June 1982, the Audit Council found that although the primary focus of PSC inspections was safety laws, there was a duplication of effort between the PSC and SCDHPT truck divisions which has resulted in inefficient truck inspections. In 1977, and again in its 1982 PSC report, the Audit Council recommended transferring PSC motor carrier inspections to the Highway Department. The management consulting firm of Cresap, McCormick and Paget also issued reports in 1970 and 1976 recommending such a move. This transfer would not require any additional State funds and additional personnel would enable SCDHPT to operate more weigh stations on a routine basis. The transfer of personnel positions would be funded by registration stamps purchased by "out-of-state" truckers, fines collected from overweight trucks, and PSC's portion of the motor carrier road tax.

The impact of heavy and overweight trucks on the State's roads make it essential that weight limit laws be adequately enforced. Ensuring that weight limits are obeyed will prevent overweight trucks from operating on roads not designed to withstand such traffic.

Questionable Allocation of Motor Vehicle Division Field Personnel (p. 55)

Variations in staffing levels in Motor Vehicle Division (MVD) field offices indicate a questionable allocation of personnel and that some offices are overstaffed in comparison with others. In addition, inconsistencies are present in the assignment of examiners and clerks to the driver examining offices.

MVD does not have standards for the minimum level of staffing needed at its field offices, nor does it systematically review the offices to identify areas of possible overstaffing. Without standards, MVD cannot accurately pinpoint areas of under- or overstaffing and it cannot adjust staffing levels accordingly. Overstaffing results in a waste of tax dollars and is a poor use of personnel.

Seven MVD Field Offices are not Cost-Effective (p. 59)

MVD operates seven part-time driver examining offices which cannot cover their cost of operation. These offices are being subsidized by the Department's 58 full-time offices whose revenues from license and other sales averaged 4.5 times as much as expenditures. From 1979 to 1981, part-time offices spent a yearly average of \$60,826 more than they received. During this period, these seven offices expended \$331,461 while sales revenues totalled only \$148,984.

SCDHPT's Noonday Meal Reimbursements Can Achieve Cost Savings (p. 61)

In its investigation, the Audit Council found that SCDHPT has taken a positive step to cut costs. If adopted by the State, it will provide considerable savings in travel expenditures. The Department has implemented a travel policy that should be an effective cost-cutting measure. In September 1981, the Highway Department directed personnel to claim subsistence only when ordered out of their assigned counties. In September 1982, the Highway Department recognized the need for further travel restrictions and changed its policy to allow meal reimbursements only for overnight travel or travel outside an employee's assigned

area. Although this plan does not solely restrict lunch reimbursements to overnight travel, SCDHPT's FY 82-83 travel expenditures should be reduced substantially by implementation of this new reimbursement policy.

State Budget and Control Board Regulations allow reimbursement for meals when an employee is over ten miles from his official headquarters or residence. However, agency directors may further restrict reimbursements "as dictated by agency requirements." Revising South Carolina travel regulations to allow noonday meal reimbursements only for overnight travel for all State employees would result in additional savings of State dollars.

Restricting noonday meal reimbursements to overnight travel for all State employees would reduce State expenditures. With a statewide expenditure of over \$27.4 million for travel in FY 81-82, a substantial savings could be achieved by disallowing lunch reimbursements for all State employees unless an overnight stay is required.

#### Ineffective Internal Audit Function (p. 64)

The Highway Department's internal audit staff is ineffective as an oversight function. In the Council's examination, several factors were found that have led to ineffectiveness. The internal auditor is not organizationally independent of the areas it audits, the internal audit staff has not performed in-depth examinations of various SCDHPT departments, and there is insufficient staff to handle audit responsibilities. In addition, there is a potential conflict of interest between the head internal auditor and the Director of Motor Vehicle Division.

In recent years, the importance of internal auditing has grown steadily but the internal audit function at SCDHPT has not adequately served as an effective management tool. As it currently operates, the internal audit function does not provide sufficient oversight of management operation and controls.

#### Potential Conflict of Interest Involving the Head Internal Auditor (p. 67)

SCDHPT's head internal auditor is the brother of the Director of the Motor Vehicle Division (MVD). Both men are long-time departmental employees and have advanced into their current positions from reasonable career paths.

Although the internal auditor is not within the MVD Director's direct line of authority, he is not personally independent of him. The MVD accounting department has not been audited by the internal auditor in the last ten years and the accounting department handles approximately \$40 million a year. Therefore, the head internal auditor is ineffective in his oversight of the MVD.

#### Inadequate Handling of Special Investigations (p. 69)

A review of the SCDHPT's handling of special investigations revealed that complaints are not properly assigned, investigated, documented and resolved. The Highway Department has not established procedures to ensure a uniform investigative process. The absence of formal guidelines and standard procedures has resulted in insufficient documentation, analysis and reporting of complaints and special investigations by the Department's three investigative units.

## RECOMMENDATIONS

THE SOUTH CAROLINA DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION SHOULD CONDUCT A STUDY AND PLAN THE REORGANIZATION OF VARIOUS DIVISIONS.

SCDHPT SHOULD CONSIDER:

- (1) CREATING A DIVISION OF ADMINISTRATION AND FINANCE:
- (2) RESTRUCTURING OF THE DIVISION OF ENGINEERING:
- (3) CONSOLIDATING ALL ACCOUNTING FUNCTIONS WITHIN SCDHPT;
- (4) CONSOLIDATING ALL DATA PROCESSING AND KEY ENTRY OPERATIONS WITHIN THE DEPARTMENT UNDER A SINGLE DATA PROCESSING SECTION;
- (5) THE ELIMINATION OF THE NEED FOR A SEPARATE HIGHWAY SAFETY OFFICE WITHIN THE DEPARTMENT.

SCDHPT MANAGEMENT SHOULD PLACE GREATER EMPHASIS ON STRENGTHENING ITS WEIGHT ENFORCEMENT PROGRAM.

THE MOTOR CARRIER ENFORCEMENT, SAFETY AND REGISTRATION DEPARTMENT POSITIONS

WITHIN THE PUBLIC SERVICE COMMISSION SHOULD BE TRANSFERRED TO THE TRUCK WEIGHT ENFORCEMENT DIVISION OF THE DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION. THESE POSITIONS SHOULD BE FUNDED WITH REVENUES FROM OVERWEIGHT TRUCK FINES, REGISTRATION STAMPS, AND PSC'S PORTION OF THE MOTOR CARRIER ROAD TAX.

THE DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION SHOULD BE GRANTED ALL SAFETY INSPECTION AUTHORITY PSC CURRENTLY HOLDS.

CIVIL PENALTY FINES SHOULD BE INCREASED TO ADEQUATELY DETER WEIGHT LIMIT VIOLATORS.

THE DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION SHOULD CONDUCT A STUDY TO:

- (A) IDENTIFY AND DEFINE TYPES OF MVD TRANSACTIONS.
- (B) DETERMINE THE AMOUNT OF TIME NECESSARY FOR EACH TRANSACTION.
- (C) DETERMINE FREQUENCY OF EACH TRANSACTION.



BASED ON THE STUDY, MVD SHOULD ESTABLISH STANDARDS FOR STAFFING FIELD OFFICES BEFORE AUTHORIZING ANY FUTURE STAFFING POSITIONS.

USING THE NEWLY ESTABLISHED STANDARDS, MVD SHOULD DETERMINE WHETHER CURRENT STAFFING LEVELS CAN BE REDUCED OR SHIFTED TO ANY UNDERSTAFFED AREAS.

ANY FUTURE POSITION REQUESTS SHOULD BE GRANTED IN ACCORDANCE WITH THE STANDARDS AND MVD SHOULD SEEK TO FILL NEW POSITIONS BY SHIFTING POSITIONS FROM FIELD OFFICES WHICH ARE OVERSTAFFED.

THE SOUTH CAROLINA DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION SHOULD CLOSE ITS SEVEN MOTOR VEHICLE DIVISION PART-TIME DRIVER EXAMINING OFFICES.

THE STATE BUDGET AND CONTROL BOARD SHOULD CONSIDER REVISING STATEWIDE REGULATIONS TO PROHIBIT REIMBURSEMENTS FOR THE NOONDAY MEAL UNLESS OVERNIGHT TRAVEL IS REQUIRED.

SCDHPT SHOULD REORGANIZE ITS INTERNAL AUDIT STAFF IN ORDER FOR IT TO REPORT DIRECTLY TO THE CHIEF COMMISSIONER.

SCDHPT SHOULD REEVALUATE AUDIT OBJECTIVES AND RANK ITS AUDIT PLAN ACCORDING TO MATERIALITY AND THE CONTROLS IN EFFECT.

THE DEPARTMENT SHOULD INCREASE ITS AUDIT STAFF IN ORDER TO AID THE CPA IN ITS ANNUAL AUDIT AND TO PERFORM INTERNAL EVALUATIONS ON THE SYSTEMS OF INTERNAL ACCOUNTING CONTROL.

THE HEAD INTERNAL AUDITOR SHOULD BE TRANSFERRED TO ANOTHER DIVISION, WHERE POTENTIAL CONFLICT OF INTEREST WITH THE MVD WOULD NOT EXIST.

THE CHIEF HIGHWAY COMMISSIONER SHOULD DIRECT THE INTERNAL AUDIT OFFICE TO AUDIT THE MVD ACCOUNTING DEPARTMENT.

THE HIGHWAY DEPARTMENT SHOULD ESTABLISH SPECIFIC CRITERIA TO DETERMINE WHICH INVESTIGATORS WILL HANDLE EACH TYPE OF COMPLAINT. THE HIGHWAY PATROL SHOULD BE RESPONSIBLE FOR INVESTIGATING ALL DEALER ENFORCEMENT, ODOMETER AND TITLE MATTERS; RESOLVING COMPLAINTS AGAINST MEMBERS OF THE PATROL; AND ASSISTING LOCAL LAW ENFORCEMENT AGENCIES

IN THE INVESTIGATION OF LOST OR STOLEN  
HIGHWAY DEPARTMENT PROPERTY. THE MOTOR  
VEHICLE DIVISION'S PART-TIME INVESTIGATOR  
SHOULD CONTINUE TO INVESTIGATE DRIVERS  
LICENSE MATTERS. THE SPECIAL INVESTIGATOR  
COULD BE AVAILABLE TO INVESTIGATE OTHER  
SPECIAL MATTERS NOT INCLUDED ABOVE, AS  
DIRECTED BY THE CHIEF HIGHWAY COMMISSIONER.

THE SPECIAL INVESTIGATOR SHOULD BE RESPONSIBLE  
FOR COORDINATING THE HIGHWAY DEPARTMENT'S  
HANDLING OF COMPLAINTS AND OTHER SPECIAL  
INVESTIGATIONS. THE SPECIAL INVESTIGATOR'S  
DUTIES SHOULD INCLUDE:

- (1) RECEIVING COMPLAINTS, REFERRING THEM  
TO THE HIGHWAY PATROL OR MOTOR VEHICLE  
DIVISION INVESTIGATOR, AS APPROPRIATE,
- (2) ENSURING THAT COMPLAINTS POLICIES ARE  
ESTABLISHED AND IMPLEMENTED UNIFORMLY  
THROUGHOUT THE DEPARTMENT, INCLUDING  
SETTING UP A LOG SYSTEM TO FOLLOW-UP  
ON THE DISPOSITION OF CASES,
- (3) COMPILING DETAILED STATISTICS ON COM-  
PLAINTS AND OTHER SPECIAL INVESTIGATIONS;  
AND MAKING REGULAR REPORTS TO THE  
HIGHWAY COMMISSION,

(4) ANALYZING TRENDS TO HELP THE COMMISSION  
ANTICIPATE PROBLEMS.

CHAPTER IV  
DEPARTMENT BUDGETARY PROCESS

SCDHPT Develops Two Different Budgets (p. 73)

The South Carolina Department of Highways and Public Transportation (SCDHPT) develops and approves an operating budget which is different from the budget approved by the General Assembly for the Department in the annual Appropriation Act. SCDHPT develops a second budget to operate the Department after getting approval for a budget in the Appropriation Act.

Since the SCDHPT operates on a different budget than the budget passed by the General Assembly, the State does not know if the Department complies with the intent of the Appropriation Act. Funds are shifted among categories without State oversight, thereby negating the purpose for the Appropriation Act. Compliance with the Act is necessary in order for the General Assembly to ensure that the State's resources are spent as intended.

No Internal Transfer Process (p. 77)

The Highway Department has no internal transfer process which controls how funds are shifted among budget categories. Because of this, the State, Highway Commission and Chief Commissioner have no means to monitor adjustments made in the Department's budget.

Without a standard transfer process, the Commission cannot ensure that funds are spent for the purposes appropriated. Oversight cannot be achieved by parties external to the agency without an audit trail of revisions made to the original budget. Ineffective control of transfer activity could allow legislative intent to be undermined if there is no control over the shifting of funds.

#### Failure to Adjust Budget For Encumbrances (p. 79)

SCDHPT does not reflect encumbrances in its budget, thereby failing to account for all funds appropriated. Encumbrances are obligations in the form of purchase orders, contracts, or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid. All funds available for expenditures should be reflected in the operating budget, otherwise the remaining balance appears to be a budgeting error or an unexplained surplus.

#### RECOMMENDATIONS

SCDHPT SHOULD CONSIDER DEVELOPING A BUDGET FOR THE APPROPRIATION ACT THAT MORE ACCURATELY REFLECTS THE DEPARTMENT'S OPERATIONS, WHICH WOULD INCREASE LEGISLATIVE AND COMMISSION OVERSIGHT.

SCDHPT SHOULD ADHERE TO THE BUDGET FORMAT AND LINE ITEMS ENACTED BY THE GENERAL ASSEMBLY. ANY CHANGES TO THE BUDGET

SHOULD BE REFLECTED THROUGH A TRANSFER  
FORM OR AMENDMENT PROCESS. THIS METHOD  
WOULD ALLOW BETTER STATE OVERSIGHT ON  
BUDGETARY MATTERS.

AT THE BEGINNING OF THE FISCAL YEAR, AD-  
JUSTMENTS FOR ADDITIONAL FUNDS AVAILABLE  
SHOULD BE MADE TO THE BUDGET TO REFLECT  
ENCUMBERED AMOUNTS FROM THE PREVIOUS  
YEAR.

## APPENDIX

APPENDIX A



SOUTH CAROLINA

DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION

P.O. BOX 191  
COLUMBIA, S.C. 29202

March 18, 1983

Mr. George L. Schroeder  
Legislative Audit Council  
620 Bankers Trust Tower  
Columbia, South Carolina 29201

Dear Mr. Schroeder:

My staff and I are disappointed that there were not more changes in the revised draft of the Legislative Audit Council's report on the Department of Highways and Public Transportation. We are of the opinion that our February 14 submission contained factual information that substantiated major changes, especially in your recommendations. However, it is noted that your staff has elected to consider our submission only in a minor number of cases.

We are submitting additional comments that were made by our Department heads on the LAC report. These comments are in three areas: (1) budgetary and accounting procedures, (2) maintenance, and (3) equipment. The Director of the Motor Vehicle Division is not submitting any different information as there was little or no consideration given to his comments in our February 14 letter. We recognize that the Legislature authorized the audit in order that improvements could be made in the Department. The recommendations by the Legislative Audit Council will be given consideration and brought to the attention of our Commission.

Yours very truly,

Paul W. Cobb  
Chief Commissioner



## BUDGETARY & ACCOUNTING PROCEDURES

Statement (Page 74, Paragraph 2)

The S. C. Department of Highways and Public Transportation develops and approves an operating budget which disregards the budget approved by the General Assembly for the Department in the annual Appropriation Act.

Reply:

The Department is required by law (Code Section 57-11-40) to prepare estimates of revenues and expenditures no more than sixty days prior to the beginning of each fiscal year. This estimate of revenues and expenditures, required by law, has traditionally been known as the Department's operating budget. Since the budget which appears in the Appropriations Act must be submitted approximately eight months earlier than the "operating" budget, there is sometimes a difference in the revenue and expenditure projections. This results from the fact that the Department operates solely from earmarked revenues and doesn't know until year-end exactly what its revenues will be. The Department does not disregard the budget which is prepared from the Appropriations Bill, it adheres to this budget as closely as its early revenue projections will allow and any changes are reported on Stars Form 30.

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Statement (Page 76, Paragraph 1)

The South Carolina Department of Highways and Public Transportation should operate its budget based on the appropriation passed in the Appropriation Act like other state agencies.

Reply:

Inasmuch as the Department operates on earmarked revenue, passed by the General Assembly, and does not get an appropriation from the General Fund, it is necessary for the Department to make adjustments in its budget when necessary in order to operate within its revenues.

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Statement (Page 76, Paragraph 3)

Funds are shifted among categories without State oversight thereby negating the purpose of the Appropriation Act.

Reply:

All shift in funds are submitted on Stars Form 30, which is the same procedure used by other state agencies. This procedure has been in effect since July 1, 1981.

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Statement

Consideration should be given to putting South Carolina Department of Highways and Public Transportation on the Statewide Accounting and Reporting System (STARS).

Reply:

The South Carolina Department of Highways and Public Transportation has been on the STARS system since July 1, 1981.

## BUDGETARY & ACCOUNTING PROCEDURES

Statement (Page 77, Paragraph 1)

The South Carolina Department of Highways and Public Transportation (SCDHPT) has no internal transfer process which controls how funds are shifted among budget categories. Because of this, the State, Highway Commission, and Chief Commissioner have no means by which to monitor adjustments made in the Department budget.

Reply:

All budgetary adjustments except line items adjustments within allotment and safety projects are approved by the Highway Commission. An allotment advice is written based on Commission approval and signed by the Chief Commissioner authorizing the budgetary adjustment. If this adjustment results in a net change to one of the five categories in the appropriation budget, the appropriation budget is changed by the Budget and Control Board Form BD100 or Stars Form 30. Line item adjustments within allotment and safety projects are changed by South Carolina Department of Highways and Public Transportation Form BW-30 approved by the Chief Commissioner.

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Statement (Page 77, Paragraph 2)

According to South Carolina Department of Highways and Public Transportation officials, the Department disregards the line item as a controlling budgeting factor and budgets by "allotment" which are major functional areas within the Department. Therefore, any overruns incurred among line items are covered by the division head transferring funds to the depleted account.

Reply:

Line item adjustments within allotments are changed by South Carolina Department of Highways and Public Transportation Form BW-30 approved by the Chief Commissioner. A division head has no authority to transfer funds. Since South Carolina Department of Highways and Public Transportation went on the STARS system on July 1, 1981, disbursement vouchers requesting payments from line items with no available balances are not honored by the Controller General.

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## MAINTENANCE

Page 1                      RECOMMENDATIONS OF LAC FOR THE DEPARTMENT TO  
Paragraph 2                IMPLEMENT A MAINTENANCE MANAGEMENT SYSTEM (MMS)

### A. Management Methods

The Department has a very reliable and time tested method of managing its highway maintenance operation. This method relies on sound engineering and management judgement, available resources, and actual field conditions as reported by a trained observer. The heart of this management method is our District Engineering setup and our County Maintenance Units. Each of the seven (7) Engineering Districts are managed by a District Engineering Administrator and is assisted by a District Maintenance Engineer and one or more District Construction Engineer, and a District Mechanical Engineer. Management methods used by this team is direct contact with the county units on a weekly basis and the "Maintenance by Objective" concept that is time tested and has proven to be workable, economical and efficient. A 1978 study (Analysis of State Maintenance Operations in the United States prepared by the New York State Division of the Budget, Transportation and Economic Affairs Unit, State Capitol, Albany, New York, 12224) showed that 27 states which had implemented formal Highway Maintenance Management Systems (HMMS) had average expenditures 2.5 percent below projected. South Carolina in this study had 40.5 percent below projected expenditures. Further, South Carolina was the lowest of the fifty states in expenditure per lane mile (\$534) in the same study.

The county units are generally situated in the county seat of government and due to geographic conditions may contain one or more "Satellite" or Section Shed locations in remote areas of the county to more efficiently manage the road mileage in particular areas. The County Maintenance Unit is managed by a Resident Maintenance Engineer and in the larger counties he is assisted by an Assistant Resident Maintenance Engineer. This Management Team is supplemented by a number of Highway Maintenance Crew Supervisors (Foremen) who are in direct charge of the work crews. Each County Unit is allotted the necessary manpower, equipment, and materials and is given the complete authority to use these resources to the best advantage for the maintaining of the roads in his area in accordance with the previous given verbal instructions, Performance Standards, Policy and Procedure Memorandums, and general memorandums.

### B. Follow Up

There is continual follow-up on work performed by each level of the Hierarchy by means of visual inspections, staff meetings, correspondence, reports and internal and external audits. Each District Maintenance Engineer visits with each of the county Resident Maintenance Engineers on a systematic schedule, inspects the overall maintenance of the roads in that particular county and also goes over any problem areas that the Maintenance Engineer might have.

The State Maintenance Engineer and his assistants monitor the in-coming field reports and periodically schedule field trips to verify that the reported conditions are the same as the actual field conditions. These field trips are made in company with the District Engineering Administrator or his assistant so that this level of management is always informed as to the problem areas and the level of service desired by the Central Office and to insure that the condition of the Interstate Routes as well as the remaining system is maintained at the level required by the purposes for which they are designed.

#### C. Unit Costs

The Department is presently capturing unit costs for statewide mowing, pothole patching, and sideline pipe installation in conjunction with our recently developed Performance Standards for these activities. This method of tracking material, labor and equipment costs will able us to better identify areas of relatively high maintenance costs and evaluate the effectiveness of various management decisions to correct inefficient trends. We plan to expand this program to other activities in the near future and add additional performance standards as time and funds permit.

#### D. Conclusion

It is conservatively estimated that it would cost \$500,000 to implement a computerized Maintenance Management System and approximately \$100,000 annually to maintain. We do not believe that this large expenditure could be justified on a cost/benefit basis, especially in these austere economic times. It is also our considered opinion that a sophisticated computerized Maintenance Management System does not necessarily result in better maintenance or reduced costs.

Further, we feel very strongly that over the years we have provided our citizens with an excellent maintained system for the least amount of dollars. This commitment is evidenced by published statistics by the FHWA (copy attached) that South Carolina is second lowest in the entire nation for per mile expenditure for maintenance (1981) and our state is generally recongnized as having the best roads overall of any state within the United States.

Page 2 of LAC Report - Resurfacing and MaintenanceStatement:

"Using this new management system, the Department estimates that approximately 10,553 miles, or 27% of the states 39,662 miles of roads need resurfacing at a cost of \$193,437,000."

Reply:

Our current "Modified" Pavement Management System has produced a computer listing of the worst 30% of the road mileage in each county. This list is used by the District Engineering Administrator for programming only. The listing produced and used for the above purpose does not mean that all of the roads listed need resurfacing. It does mean that the roads shown in the listing have been identified as having a problem that will require a certain maintenance strategy. The options are:

1. Continue routine maintenance
2. Perform spot improvements
3. Perform extensive maintenance
4. Resurface
5. Reconstruct

The decision as to which of the options will be used will require the independent judgement of a qualified engineer.

Page 4 of LAC Report - Maintenance PersonnelStatement:

"County maintenance crews are spending their time reacting to complaints and not performing routine, preventative maintenance on the states roads."

Reply:

While it is true that the Department's maintenance forces do, of necessity, respond to legitimate complaints from the citizens of this state for whom we work, we do have a very viable, ongoing preventative maintenance program.

Policy and Procedure Memorandum No. 0-12 outlines the Department's cleaning roadside ditches, cleaning pipe lines and reworking shoulders program. This is one of our most productive preventative maintenance programs whereby we perform ditching, drainage and shoulder work on 20% of the mileage in each county annually. This results in the entire system being reworked every five (5) years.

Also, we have performed Class "A" resurfacing with our own forces for as long as the Department has been in existence. This work has been expanded in the last three (3) years and we plan to do even more as manpower and funds permit.

Further, we have always had an extensive crack sealing program and this work has recently been accelerated. This is one of the best preventative maintenance programs possible for flexible pavements and we are very proud of our accomplishments in this regard.

Statement:

"Work priorities cannot be set and the cost effectiveness of local maintenance operations are not compared and standards established."

Reply:

As alluded to in another section of the LAC report, the Department is now capturing unit cost figures on mowing, pothole patching, and sideline pipe installation. These costs will be used to compare maintenance costs for these operations statewide and to determine cost effectiveness of individual crews.

It is not true that the Department has not established standards. The following Performance Standards have been developed and or in use throughout the state:

1. Machine Mowing
2. Reworking Earth Shoulders & Roadside Ditches
3. Sideline Pipe
4. Pothole Patching
5. Seal Coat
6. Pavement Striping
7. Precast Bridge Erection
8. Paved Driveways
9. Litter Removal

It is true that we have not made extensive use of these standards for cost accounting purposes. However, we have made a start in this direction and we plan to continue this effort.

Page 9 of LAC Report - SCDHPT Continues to Pave Private Driveways

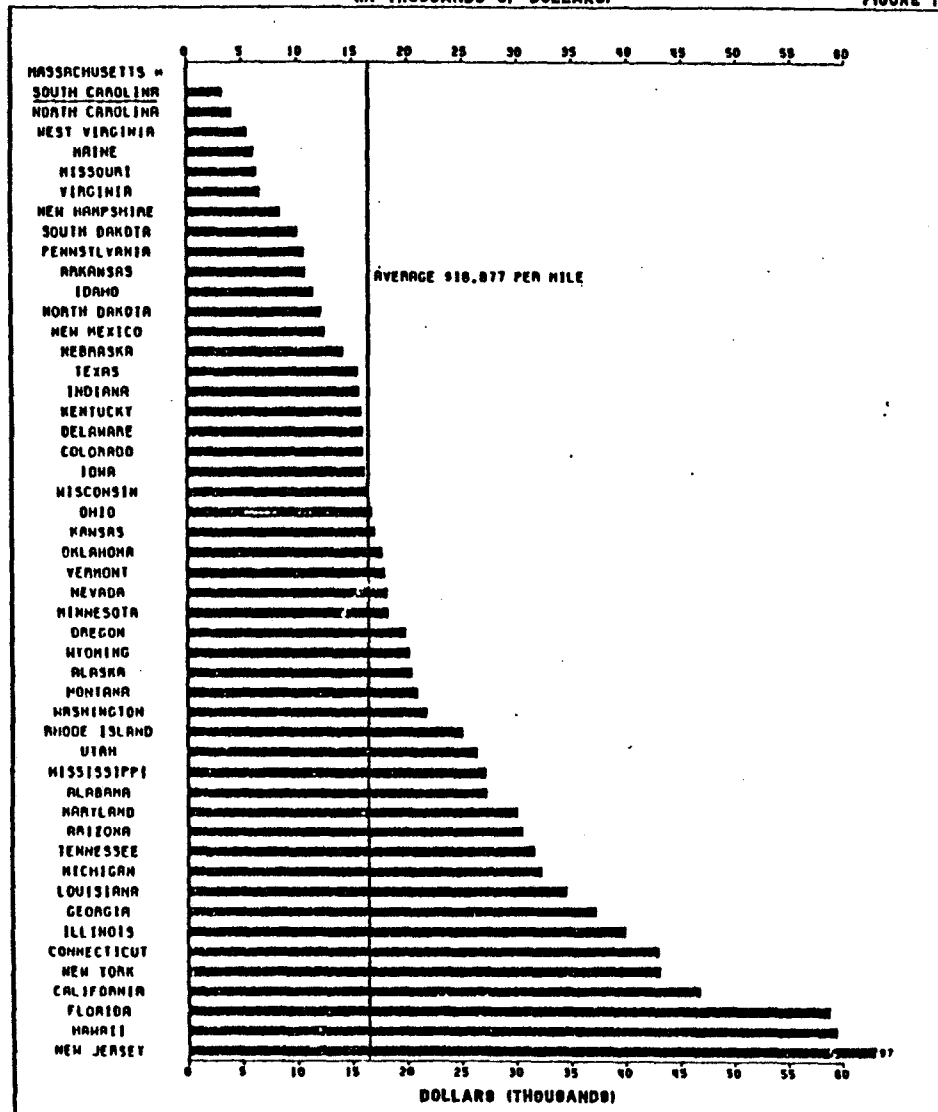
Reply:

The designation of "Private" driveways in this case is inappropriate. The Department's policy is to pave an apron extending from the edge of the travelway to the abutting property line. The entire apron or "driveway" constructed is wholly within the Department's right-of-way and does not encroach on private property. Further, the paving of these aprons enhance the safety of vehicles entering and leaving the highway and also lowers the cost of maintaining earth-type ramps; especially in the northern part of the state.

The Department has revised its driveway entrance policy through the Administrative Procedures Act and the new policy will go in to effect on May 1, 1983. We estimate that this revised policy will reduce the current expenditure for this activity by 15 to 20 percent. It is noted that the expenditure for culvert pipe is down 15% through December of 1982 due mostly to depression in the housing market.

**STATE CAPITAL OUTLAY PER MILE  
ON STATE-ADMINISTERED ROADS AND STREETS  
1981  
EXCLUDING TOLL FACILITIES  
(IN THOUSANDS OF DOLLARS)**

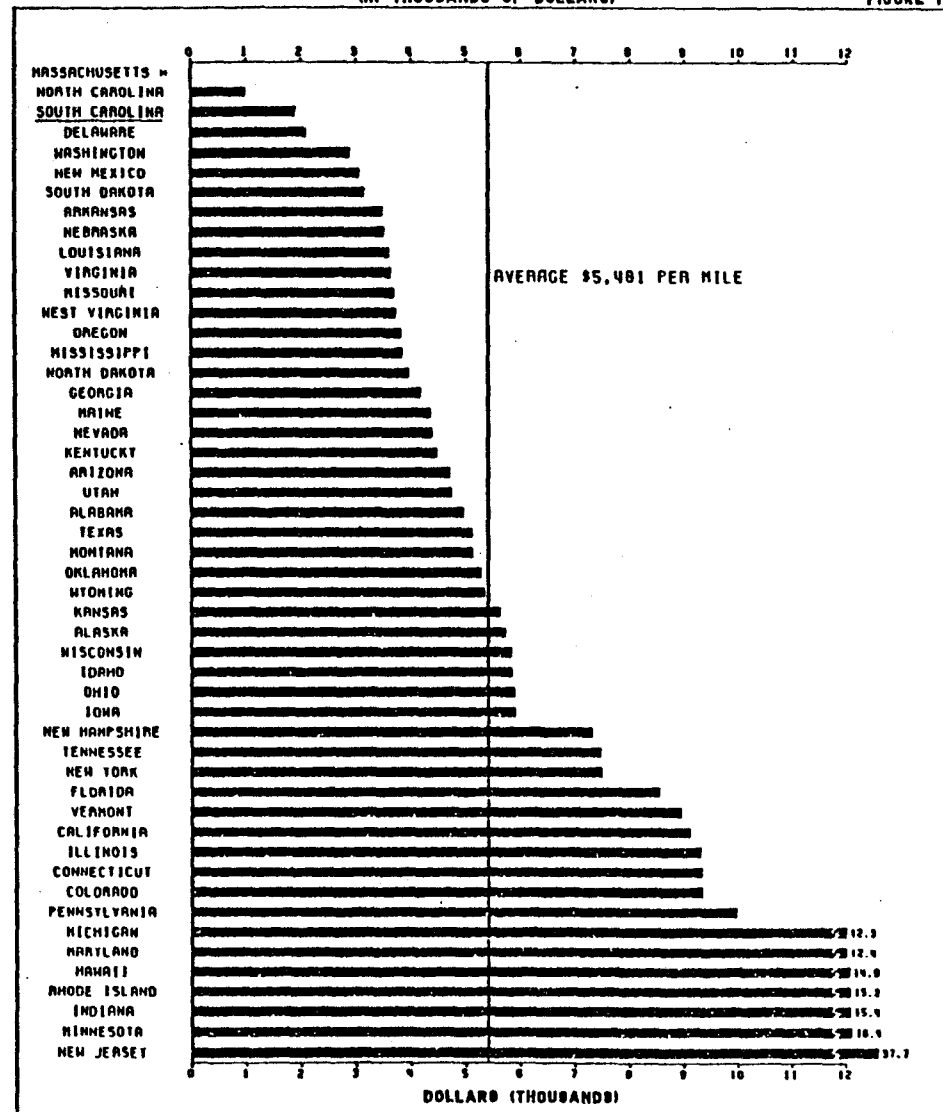
FIGURE 11



\* 1981 STATE FINANCE DATA NOT REPORTED FOR MASSACHUSETTS.

**STATE EXPENDITURES PER MILE FOR MAINTENANCE  
ON STATE-ADMINISTERED ROADS AND STREETS  
1981  
EXCLUDING TOLL FACILITIES  
(IN THOUSANDS OF DOLLARS)**

FIGURE 12



\* 1981 STATE FINANCE DATA NOT REPORTED FOR MASSACHUSETTS.

## EQUIPMENT

On page 23 the Audit Council states that the Highway Department does not have a central source of accurate information on the condition of its equipment. The Highway Department has in its organization a District Mechanical Engineer in each district that is in direct contact with equipment to know of its condition. To rely on information that would be furnish a central office for evaluation of equipment condition would more likely result in equipment replacement not to the best advantage of the State. We believe that the control and decision making of equipment most needed to be replaced should remain with the custodians closest to its use. The Highway Department is presently in the process of revising the Repair Service Ticket so as to obtain additional information on repair costs so as to better point out equipment that have high or unusual costs so that the District Mechanical Engineer or other supervisors can check into the reasons for these costs. Also the additional information will include "down" time and the cause of the equipment being down. On page 25 the Audit Council states that the Highway Department equipment had a State-wide down time average of one day in five. At present there is no data to obtain this information and we believe this to be high. The information that will be obtained in the future will give this information and also the cause of equipment being down, whether from lack of parts, lack of personnel time to make repairs or other causes. On page 26 the Audit Council states that the Highway Department maintains an inventory of 451 equipment items with an original purchase value of \$2.5 million which were not used in FY 80-81. The Department computer was programed to print "not used" on any equipment that may have had a broken odometer or hour meter, no hour meter or no odometer. The print out in many cases shows that repairs were charged to the equipment or fuel charged to the equipment which would indicated equipment useage. Since that time the computer has been reprogrammed to show "no meter" on such equipment. Also the Assistant Maintenance Engineer and Director of Supply and Equipment are making a complete inspection of equipment in selected counties and any found to be surplus or not being used will be transferred to the central equipment depot for reassignment or disposal. The Audit Council states on page 26 that the Department has no effective controls over the disposal of old surplus equipment and counties are not required to return old obsolete equipment before receiving replacements. When a county is notified to pick up a new piece of equipment, the same letter advised that a like or similar unit is to be turned in to the Central Equipment Depot for disposal. In some cases where a large dump truck is received, then two small trucks must be turned in for disposal. There are instances when a county requests permission to junk and keep a piece of equipment to use parts from it on a like piece of equipment still in use. This must be approved, after visual inspection, by both a district office person and one from central headquarters. Adequate documentation is on file to show this process. Parts from a junked piece of equipment far exceed the amount received by public sale.

In order to implement an equipment management system such as the Audit Council recommends, it would have to follow implementation of a maintenance management system. The New Mexico State Highway Department entered into a contract with the Federal Highway Administration to test and evaluate an equipment management system, starting in November 1979, at an estimated cost of \$600,000. This project is still in the process of being implemented. The SCDHPT has not felt that this expenditure would be justified under the present economic conditions.

On page 33 the Audit Council recommends that automobiles should not be assigned for the personal convenience or prestige of an individual and the Department maintains this position. On page 34 the recommendation by the Audit Council states that the Highway Department should not allow unnecessary commuting. Commuting should only be allowed when beneficial to the Department. The total evaluation of the efficiency of an employee should be considered when the use of a Department



automobile is evaluated. The Department does not pay overtime to employees with assigned vehicles for the overtime they spend working for the State. Those with assigned cars as well as some using pool units often either start before normal work time or return well after normal quitting time and so cannot return a car to a pool during normal work hours. The number of extra hours of work received from an employee should be considered along with any commuting. A tabulation of vehicle use including commuting is made by the Supply and Equipment office and this information given to Division supervisors for them to review for recommendations on any vehicles not being used to the best advantage for the State. The Department does not permit an individual to use his personal car and be reimbursed for mileage, so an adequate pool must be maintained. We do not interpret the Motor Vehicle Management regulations to say that pool vehicles should have 11,000 miles annually. Pool vehicles in the central pool are maintained at a level to have a vehicle to any employee requiring one. Vehicle use is reviewed and any unneeded vehicles are reassigned. The Department has personnel using vehicles with a variety of work assignments. Some are right-of-way agents, vehicle inspectors, county resident maintenance and construction engineers, district maintenance, mechanical and construction engineers, and the supporting supervisory personnel in headquarters. It is virtually impossible to establish a criteria for vehicle assignment; but rather to follow the guidelines as set by the Motor Vehicle Management office and assignment that is most beneficial to the Department, the State and its citizens.